



Department of Justice

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EXECUTIVE IN THE INTERNATIONAL RUBBER CHEMICALS CARTEL AGREES TO PLEAD GUILTY

WASHINGTON, D.C. -- James J. Conway, a former executive of Crompton Corporation, a U.S. manufacturer of rubber chemicals based in Middlebury, Connecticut, has agreed to plead guilty to participating in an international conspiracy to fix prices in the rubber chemicals market, the Department of Justice announced today.

In a felony case filed in U.S. District Court in San Francisco, Conway was charged with fixing the prices of certain rubber chemicals sold in the United States and elsewhere during 2000 and 2001. Conway was Crompton's Executive Vice President for Performance Chemicals and Elastomers during the time he participated in the conspiracy. Under the plea agreement, which must be approved by the court, Conway agreed to assist the government in its ongoing rubber chemicals investigation.

Rubber chemicals are a group of additives used to improve the elasticity, strength, and durability of rubber products, such as tires, outdoor furniture, hoses, belts, and footwear. Approximately \$1 billion of rubber chemicals are sold annually in the United States.

"Products that contain rubber chemicals are used by virtually every American, and we are committed to protecting consumers from this type of price-fixing activity," said R. Hewitt Pate, Assistant Attorney General in charge of the Department's Antitrust Division. "Corporate executives who fix prices will be prosecuted."

The former Crompton executive was charged with carrying out the conspiracy with his co-conspirators by:

- Participating in meetings and conversations to discuss prices of certain rubber chemicals to be sold in the United States and elsewhere;

- Agreeing, during those conversations and meetings, to raise and maintain prices of certain rubber chemicals to be sold in the United States and elsewhere;
- Participating in conversations and attending meetings concerning implementation of and adherence to the agreements reached;
- Issuing price announcements and price quotations in accordance with the agreements reached; and
- Exchanging information on the sale of certain rubber chemicals in the United States and elsewhere.

James M. Griffin, the Antitrust Division's Deputy Assistant Attorney General for Criminal Enforcement, said, "The Justice Department is continuing its investigation into the chemicals industry. The cooperation obtained through the case filed today will enhance and further our efforts."

Prior to today's case, Crompton Corporation was charged in March 2004 and pleaded guilty to participating in the international rubber chemicals conspiracy. Crompton was sentenced to pay a \$50 million criminal fine for its role in the conspiracy. Joseph B. Eisenberg, another former Crompton executive, was charged on September 14, 2004, in the same conspiracy. Additionally, on July 14, 2004, Bayer AG was charged with participating in the same conspiracy. Bayer is awaiting sentencing, but has agreed to pay a \$66 million criminal fine.

Conway was charged with violating Section 1 of the Sherman Act, which carries a maximum penalty for individuals of three years imprisonment and a \$350,000 fine for violations occurring before June 22, 2004. The maximum fine may be increased to twice the gain the conspirators derived from the crime or twice the loss suffered by the victims of the crime, if either of those amounts is greater than the statutory maximum fine.

Today's case stems from an ongoing investigation being conducted by the Antitrust Division's San Francisco Field Office and the Federal Bureau of Investigation in San Francisco.

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